



STATE OF INDIANA

OFFICE OF THE TREASURER

RICHARD MOURDOCK

317-232-6386
WWW.IN.GOV/TOS

FOR IMMEDIATE RELEASE

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Contact: Christopher Conner (317)232-6387
cconner@tos.in.gov

Chrysler Bankruptcy Sale Halted

Indiana Pension Funds Granted Hearing by US Court of Appeals for the Second Circuit

INDIANAPOLIS (June 03, 2009) – Late on Tuesday night, June 02, the Indiana Treasurer of State's Office received word that its petition for a stay in the bankruptcy sale of Chrysler, LLC had been granted by the United States (US) Court of Appeals for the Second Circuit in New York City, New York. The scheduled bankruptcy sale of Chrysler, LLC originally set for Friday, June 5, 2009, at noon will not occur.

The US Court of Appeals for the Second Circuit has agreed to hear legal arguments on behalf of the Indiana State Police Pension Fund, the Indiana Teacher's Retirement Fund, and the Major Moves Construction Fund with legal briefs to be filed by noon Thursday, June 4, 2009, and oral arguments to begin on Friday, June 5, 2009 at 2:00 p.m.

"We are pleased the Court of Appeals has agreed to hear our arguments," explained Treasurer Mourdock. "As we have stated from the beginning, Indiana retirees and Indiana taxpayers have suffered losses because of unprecedented and illegal acts of the federal government."

Indiana's appeal will raise several fundamental points of law including:

- The secured creditors, such as the Indiana funds, have been made secondary to unsecured creditors in contravention of longstanding bankruptcy law. The proposed sale gives majority ownership of the company to the government's preferred unsecured creditors, while secured creditors receive only 29 cents on the dollar.
- The federal government has illegally used TARP funds to leverage this sale because the United States (US) Congress intended TARP funds to solely be used to aid "financial institutions." If the US Congress wanted TARP funds to be used for the automobile industry, why did they specifically try to craft a separate bailout bill that ultimately failed? Chrysler, LLC is not a "financial institution" and therefore the government's sale plan is illegal.
- The government's plan constitutes an illegal "sub rosa" plan and not an arm's length transaction. Chrysler's receipt of federal TARP funds has compromised its independence, and Chrysler has become a puppet of the federal government. The proposed sale is an insider transaction that gives 20% ownership to Fiat, an Italian company, which is not investing a single dollar in exchange for their ownership interest.

"Hoosier retirees and taxpayers are being deprived of millions of dollars in their funds while a foreign corporation receives a windfall at no cost, this is not equitable," stated Treasurer Mourdock. "I look forward to Indiana's day in court, and I will continue to pursue my fiduciary responsibilities and my oath of office."